



Memorandum of Cooperation  
Between

Ministry of Economy, Trade and Industry, Japan

And

The State of Alaska Department of Natural Resources



A Memorandum of Cooperation is made and entered into by Japan through the Ministry of Economy, Trade and Industry (METI), and the State of Alaska (SOA) through its Department of Natural Resources (Alaska DNR) collectively hereinafter referred to as the "Participants".

Recitals:

1. For mutual benefits, the Participants share the intent to enhance closer economic relationship between METI and SOA for cooperation in natural resource development and hereby share the view that confirming the Participants' cooperation through signing this Memorandum of Cooperation is beneficial for both Participants.
2. The Participants share the intent for mutual collaboration and an exchange of information or views with respect to the Alaska Liquid Natural Gas (AKLNG) Project, which has the potential to become a reliable and competitive supplier of LNG to Japan. In addition, this Memorandum continues the strengthening of economic cooperation between Japan and Alaska.
3. SOA regularly engages with public entities and companies, both domestic and foreign, interested in Alaska's resources to provide information that will attract international investment and enhance cross-border commerce.
  - (i) Alaska has one of the largest portfolios of oil, gas, minerals, renewable resources, water and land in the world; including 35 trillion cubic feet of known gas reserves and over 200 trillion cubic feet of estimated undiscovered, conventional gas on the North Slope of Alaska;
  - (ii) SOA has undertaken a comprehensive strategy to highlight the comparative advantages of Alaska to potential investors, buyers, consumers, and government officials, particularly in Asia;
  - (iii) SOA acknowledges its historic status as the foundation LNG supplier to Japan and its long standing commitment to providing reliable and affordable energy to the people of Japan.
4. The AKLNG Project will be one of the largest proposed integrated natural gas projects in the world consisting of a gas treatment plant and an 800 mile pipeline from the North Slope of Alaska to the liquefaction facility in Nikiski, Alaska.
  - (i) SOA has leveraged its royalty position to take a possible direct equity interest in the AKLNG Project in early 2014 with signing of the Heads of Agreement and passage of legislation.
  - (ii) In June 2014, the Alaska Gasline Development Corporation, a corporate affiliate of SOA, signed a joint venture agreement with producers BP, ConocoPhillips, Exxon and pipeline company TransCanada, thereby entering into Pre-Front End Engineering and Design for the AKLNG Project.
  - (iii) In July 2014, SOA's project partners submitted an application to the U.S. Department of Energy (DOE) to export 20 million tons of liquefied natural gas per year for 30 years. The application includes exports to both Free Trade Agreement (FTA) and non-FTA

countries.

- (iv) The AKLNG Project has some comparative advantages to other potential suppliers of LNG including proximity, lack of security risks, and avoidance of strategic shipping choke points.
- 5. METI has been promoting diversification of energy supplies to secure a stable and competitive energy supply to Japan, which can be enhanced with a deeper economic relationship with the United States of America.

In light of recognitions mentioned above, the Participants have shared the intent to the following:

#### ITEM 1: MEETINGS AND DISCUSSION

The Participants will meet from time to time in order to exchange information or views with respect to the potential resource development projects that the State of Alaska wishes to advance in particular a large-volume natural gas pipeline and export facilities.

#### ITEM 2: NON-EXCLUSIVITY

This Memorandum of Cooperation is nonexclusive. Neither Participant is precluded by this Memorandum of Cooperation from engaging in similar or dissimilar memoranda, agreements or projects with third parties.

#### ITEM 3: CONFIDENTIALITY

Subject to the laws and regulations of Japan and the State of Alaska, the information shared pursuant to the terms and conditions established herein will be considered as confidential, but does not include information required to be disclosed by law or regulation, and cannot be partially or totally disclosed by either Participant to "Third Parties", willingly or unwillingly, without prior written consent from the other Participant. For the sake of practicality, Third Parties will exclude related Government Ministries for both Participants.

#### ITEM 4: DURATION

This Memorandum of Cooperation will become effective as of the date of the signature by the Participants ("Effective Date"). Each person signing this Memorandum of Cooperation hereby represents and warrants that he or she is authorized to execute and deliver this Memorandum of Cooperation.

The expiry of this Memorandum of Cooperation will be two (2) years from the Effective Date and will be renewed for the same period of time every two (2) years when one of the Participants notifies the other with thirty (30) days prior notice of its decision to renew the same. Notwithstanding the above, either Participant may at any time terminate this Memorandum of Cooperation by giving (30) days prior notice in writing to the other Participant.

#### ITEM 5: MISCELLANEOUS ITEMS

It is recognized and shared by the Participants, that this Memorandum of Cooperation is written only to record the Participants' intention of strengthening mutual cooperation, and that this Memorandum of Cooperation is in no way to be construed as entailing or implying rights or obligations (financial or otherwise) of each or any of them, and that neither Participant will be liable to the other Participant under any legal theory for a Participant's performance under this Memorandum of Cooperation.

It is further recognized and shared by the Participants, that neither Participant may act or bind the other Participant in any way, nor may either Participant represent or lead others to believe

that it is in any way responsible for the acts of the other Participant or representing the other Participant. This Memorandum of Cooperation does not establish a joint venture or partnership between the Participants.

Nothing contained in any discussion between the Participants or any information disclosed by either Participant as contemplated in this Memorandum of Cooperation shall be deemed to constitute a representation or warranty.

This Memorandum of Cooperation may be signed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of the Memorandum.

Date: September 8<sup>th</sup> 2014

Ministry of Economy, Trade and Industry,  
Japan

Department of Natural Resources,  
State of Alaska



Name: Takayuki Ueda  
Title: Commissioner, Agency for Natural  
Resources and Energy, METI, Japan



Name: Joe Balash  
Title: Commissioner, State of Alaska  
Department of Natural Resources